

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON CORRECTIONS AND PUBLIC SAFETY

Call to Order: By **CHAIRMAN STEVE VICK**, on **January 21, 1999** at
8:07 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Sen. Arnie Mohl, Vice Chairman (R)
Sen. Chris Christiaens (D)
Rep. Stan Fisher (R)
Sen. Dale Mahlum (R)
Rep. Red Menahan (D)
Sen. Debbie Shea (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lorene Thorson, Legislative Branch
Shirley Moore, OBPP
Linsey Mortensen, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s): Department of Labor
-Employer Security Account
-Employee Relations Division

Pat Haffey, Commissioner for the Department of Labor, introduced
the division administrators, explained the departments job,
reviewed main budget requests, and stated budget changes.

{Tape : 1; Side : A; Approx. Time Counter : 1.6 - 24.2}

Representative Menahan asked about the phone system that is used
for calls coming into the department. **Pat Haffey** replied that
the department does try to have their customers talk to another

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person. The phone system now in place has resulted in the department laying off people. The department's main goal is quality service.

{Tape : 1; Side : A; Approx. Time Counter : 24.2 - 28.4}

HEARING ON EMPLOYMENT SECURITY ACCOUNT (ESA)

Informational Testimony: **Pat Haffey** gave an overview of when, why, and how the ESA account came about. The department determined what services the employers and employees of Montana wanted, and how to fund those services when revenues are not sufficient to support proposed expenditures. One solution was to shift taxes or to replace the ESA funds with \$1.0 million general fund.

{Tape : 1; Side : A; Approx. Time Counter : 28.4 - 32.3} {Tape : 1; Side : B; Approx. Time Counter : 0 - 8.9}

Proponents: **Lance Melton**, representing the general council for the MT School Boards Association; **Gordon Morris**, MT Association of Counties; **Gloria Paladichuk**, Richland county economic development.

(Tape : 1; Side : B; Approx. Time Counter : 16.4 - 19.4; comments from Senator Christiaens followed)

Questions from Committee Members and Responses:

Chairman Vick asked if the Unemployment Insurance Tax is a self-funded program. If the revenue only goes towards that program or does it go to other programs as well. **Jim Hill**, administrator, replied that the unemployment state tax goes towards benefits for people on unemployment insurance. The federal tax is paid by the employers which goes back to the department as administrative money. **Chairman Vick** asked if they were currently getting more money than they were spending, therefore, able to make a tax shift. **Jim Hill** replied that it wasn't really a tax shift. It is a shift from the trust fund that will go into increasing the ESA.

{Tape : 1; Side : B; Approx. Time Counter : 8.9 - 15.1}

HEARING ON EMPLOYEE RELATIONS DIVISION

Informational Testimony: **Jerry Keck**, acting administrator for employee relations division, gave an overview of what the division is involved in, and the different departments within that division.

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{Tape : 1; Side : B; Approx. Time Counter : 23.4 - 32}{Tape : 2; Side : A; Approx. Time Counter : 0.1 - 1.4}

Human Rights Program: Jerry Keck spoke on the Human Rights program and SB 350 passed by the 1997 legislature. He explained the program being moved to the Department of Labor(DOL) and what has happened with the program. With the changes in SB 350, the HUD equivalency was lost, the bureau experienced higher costs due to reorganization and positions were authorized without funding for operating costs. This resulted in the department requesting a general fund supplemental. He then talked on their funding requests. **EXHIBIT(jih16a01)**

{Tape : 2; Side : A; Approx. Time Counter : 1.4 - 17.9}

Proponents: Senator McNutt, sponsor of SB 350 (last session). Asked that the committee support the request for the FTEs. Chris Gallus, representing the MT Chamber of Commerce.

{Tape : 2; Side : B; Approx. Time Counter : 10.3 - 14.7}

Questions from Committee Members and Responses:

Chairman Vick asked how the Human Rights cases were resolved if not resolved in a certain time. **Mr. Keck** replied that they have to have to complete the investigation in 180 days. (stated the case process)

{Tape : 2; Side : A; Approx. Time Counter : 17.9 - 21.8}

Workers Compensation Assessment: Jerry Keck, explained what the funds from the workers' compensation account support, and the shortfall that will occur in the next biennium. He asked for support of SB 17 and 18. **EXHIBIT(jih16a02)**

{Tape : 2; Side : A; Approx. Time Counter : 21.8 - 32}{Tape : 2; Side : B; Approx. Time Counter : 0 - 10}

Discussion by Senator Shea and Jerry Keck about SB 350 and education about the service to the employers.

{Tape : 2; Side : B; Approx. Time Counter : 14.7 - 17.2}

Proponents: George Wood, executive secretary of the MT Self-insurers Association, stated that they support the increase in tax.

Nancy Butler, state fund, urged support of the budget presented. **Jacqueline Lenmark**, representing American Insurance Association.

{Tape : 2; Side : B; Approx. Time Counter : 17.2 - 20.7}

TESTIMONY: Jim Neiss, lobbyist for the Society of Human Resource Management.

{Tape : 3; Side : A; Approx. Time Counter : 14.7 - 15.2}

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Questions from Committee Members and Responses:

Chairman Vick asked if they raised the taxes would it raise the rate of insurance. **Ms. Lenmark** replied that it would raise the rate and gave a brief explanation. **Chairman Vick** asked how much of an increase will be paid on the premium. **Ms. Lenmark** replied the it does not go against the premium. They would pay 3% against the losses the insurers incurred. **George Wood** commented that the budget would stay about the same. (**Mr. Keck** made some comments on what the employers would pay)
{Tape : 2; Side : B; Approx. Time Counter : 20.7 - 26.1}

Jerry Keck reviewed the decision packages.
{Tape : 2; Side : B; Approx. Time Counter : 26.1 - 31.5}{Tape : 3; Side : A; Approx. Time Counter : 0.1 - 7.0}

Representative Fisher asked **Mr. Keck** to elaborate on DP 409.
{Tape : 3; Side : A; Approx. Time Counter : 7 - 9.5}

Chairman Vick asked if the shortage to the ESA could be attributable to a weak economy or low wages in Montana. **Pat Haffey** replied that they did not believe it was due to the economy or wages. **Chairman Vick** asked if they had looked at charging a fee for people for the use of Job Service. **Pat Haffey** replied that they had not explored that option, and Job Service offices must serve all people. **Wendy Keating**, director of Job Service division stated that federal law prevents them from charging fees.
{Tape : 3; Side : A; Approx. Time Counter : 9.5 - 13.1}

Handed out at the end.

EXHIBIT (jih16a03)

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ADJOURNMENT

Adjournment: 10:40 A.M.

REP. STEVE VICK, Chairman

LINSEY MORTENSEN, Secretary

SV/LM

EXHIBIT (jih16aad)